

## CHAPTER 1093

### TAXATION AND TAX LAW ADMINISTRATION — MISCELLANEOUS CHANGES

H.F. 2438

**AN ACT** relating to the administration of the tax and related laws of the state, including administration by the department of revenue of certain tax credits and refunds, income taxes, franchise taxes, sales and use taxes, hotel and motel taxes, and equipment taxes, and modifying provisions relating to the property assessment appeal board, and including effective date and retroactive applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

#### DIVISION I

##### MISCELLANEOUS ADMINISTRATIVE CHANGES

Section 1. Section 421.17, Code 2014, is amended by adding the following new subsection:

NEW SUBSECTION. 33. To adopt rules ensuring that the total amount of transfers and disbursements in a fiscal year by the department to a local government or other entity with respect to projects under chapter 15J, chapter 418, or section 423B.10 does not exceed the amount of applicable taxes collected during the same fiscal year within the geographic boundaries of the reinvestment districts, governmental entities, or urban renewal areas in which such projects are located.

Sec. 2. Section 441.37A, subsection 1, paragraph e, Code 2014, is amended to read as follows:

e. ~~For the assessment year beginning January 1, 2014, the~~ The property assessment appeal board may, by rule, provide for the filing of a notice of appeal and petition with the secretary of the board by electronic means. All requirements of this section for an appeal to the board shall apply to an appeal filed electronically.

#### DIVISION II

##### TAX CREDITS AND REFUNDS

Sec. 3. Section 15.293A, subsection 2, paragraph b, subparagraph (1), Code 2014, is amended to read as follows:

(1) To claim a redevelopment tax credit under this section, a taxpayer must ~~attach~~ include one or more tax credit certificates ~~to~~ with the taxpayer's tax return. A tax credit certificate shall not be ~~used or attached to~~ included with a return filed for a taxable year beginning prior to July 1, 2009.

Sec. 4. Section 15.331C, subsection 2, Code 2014, is amended to read as follows:

2. A third-party developer shall state under oath, on forms provided by the department of revenue, the amount of taxes paid as described in subsection 1 and shall submit such forms to the department of revenue. The taxes paid shall be itemized to allow identification of the taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. After receiving the form from the third-party developer, the department of revenue shall issue a tax credit certificate to the eligible business equal to the sales and use taxes paid by a third-party developer under chapter 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility. The department of revenue shall also issue a tax credit certificate to the eligible business equal to the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. The aggregate combined total amount of tax refunds under section 15.331A for taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center and of tax credit certificates issued by the department of revenue for the taxes paid and attributable to racks, shelving, and conveyor equipment to be

used in a warehouse or distribution center shall not exceed five hundred thousand dollars in a fiscal year. If an applicant for a tax credit certificate does not receive a certificate for the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center, the application shall be considered in succeeding fiscal years. The eligible business shall not claim a tax credit under this section unless a tax credit certificate issued by the department of revenue is ~~attached to~~ included with the taxpayer's tax return for the tax year for which the tax credit is claimed. A tax credit certificate shall contain the eligible business's name, address, tax identification number, the amount of the tax credit, and other information deemed necessary by the department of revenue.

Sec. 5. Section 15E.44, subsection 4, Code 2014, is amended to read as follows:

4. After verifying the eligibility of a qualifying business, the authority shall issue a tax credit certificate to be ~~attached to~~ included with the equity investor's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the amount of credit, the name of the qualifying business, and other information required by the department of revenue. The tax credit certificate, unless rescinded by the authority, shall be accepted by the department of revenue as payment for taxes imposed pursuant to chapter 422, divisions II, III, and V, and in chapter 432, and for the moneys and credits tax imposed in section 533.329, subject to any conditions or restrictions placed by the authority upon the face of the tax credit certificate and subject to the limitations of section 15E.43.

Sec. 6. Section 15E.45, subsection 4, Code 2014, is amended to read as follows:

4. After verifying the eligibility of the community-based seed capital fund, the authority shall issue a tax credit certificate to be ~~attached to~~ included with the taxpayer's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the amount of the tax credit, the name of the community-based seed capital fund, and other information required by the department of revenue. The tax credit certificate, unless rescinded by the authority, shall be accepted by the department of revenue or a local taxing district, as applicable, as payment for taxes imposed pursuant to chapter 422, divisions II, III, and V, and chapter 432, and as payment for the moneys and credits tax imposed pursuant to section 533.329, subject to any conditions or restrictions placed by the authority on the face of the tax credit certificate and subject to the limitations of section 15E.43.

Sec. 7. Section 15E.193B, subsection 6, paragraph a, Code 2014, is amended to read as follows:

a. An eligible housing business may claim a tax credit up to a maximum of ten percent of the new investment which is directly related to the building or rehabilitating of a minimum of four single-family homes located in that part of a city or county in which there is a designated enterprise zone or one multiple dwelling unit building containing three or more individual dwelling units located in that part of a city or county in which there is a designated enterprise zone. The new investment that may be used to compute the tax credit shall not exceed the new investment used for the first one hundred forty thousand dollars of value for each single-family home or for each unit of a multiple dwelling unit building containing three or more units. The tax credit may be used to reduce the tax ~~liability~~ liabilities imposed under chapter 422, ~~division~~ divisions II, III, ~~or and~~ V, ~~or and~~ chapter 432. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier. If the business is a partnership, S corporation, limited liability company, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust except as allowed for under subsection 8 when low-income housing tax credits authorized under section 42 of the Internal Revenue Code are used to assist in the financing of the housing development.

Sec. 8. Section 15E.193B, subsection 8, Code 2014, is amended to read as follows:

8. a. The amount of the tax credits determined pursuant to subsection 6, paragraph "a", for each project shall be approved by the economic development authority. The authority shall utilize the financial information required to be provided under subsection 5, paragraph

“e”, to determine the tax credits allowed for each project. In determining the amount of tax credits to be allowed for a project, the authority shall not include the portion of the project cost financed through federal, state, and local government tax credits, grants, and forgivable loans. Upon approving the amount of the tax credit, the economic development authority shall issue a tax credit certificate to the eligible housing business except when low-income housing tax credits authorized under section 42 of the Internal Revenue Code are used to assist in the financing of the housing development in which case the tax credit certificate may be issued to a partner if the business is a partnership, a shareholder if the business is an S corporation, or a member if the business is a limited liability company in the amounts designated by the eligible partnership, S corporation, or limited liability company. An eligible housing business or the designated partner if the business is a partnership, designated shareholder if the business is an S corporation, or designated member if the business is a limited liability company, or transferee shall not claim the tax credit unless a tax credit certificate is ~~attached to~~ included with the taxpayer’s return for the tax year for which the tax credit is claimed. The tax credit certificate shall contain the taxpayer’s name, address, tax identification number, the amount of the tax credit, and other information required by the department of revenue. The tax credit certificate shall be transferable if the housing development is located in a brownfield site as defined in section 15.291, if the housing development is located in a blighted area as defined in section 403.17, or if low-income housing tax credits authorized under section 42 of the Internal Revenue Code are used to assist in the financing of the housing development. Not more than three million dollars worth of tax credits for housing developments that are located in a brownfield site as defined in section 15.291 or housing developments located in a blighted area as defined in section 403.17 shall be transferred in one calendar year. The three million dollar annual limit does not apply to tax credits awarded to an eligible housing business having low-income housing tax credits authorized under section 42 of the Internal Revenue Code to assist in the financing of the housing development. The authority may approve an application for tax credit certificates for transfer from an eligible housing business located in a brownfield site as defined in section 15.291 or in a blighted area as defined in section 403.17 that would result in the issuance of more than three million dollars of tax credit certificates for transfer, provided the authority, through negotiation with the eligible business, allocates those tax credit certificates for transfer over more than one calendar year. The authority shall not approve more than one million five hundred thousand dollars in tax credit certificates for transfer to any one eligible housing business located in a brownfield site as defined in section 15.291 or in a blighted area as defined in section 403.17 in a calendar year. If three million dollars in tax credit certificates for transfer have not been issued at the end of a calendar year, the remaining tax credit certificates for transfer may be issued in advance to an eligible housing business scheduled to receive a tax credit certificate for transfer in a later calendar year. Any time the authority approves a tax credit certificate for transfer which has not been allocated at the end of a calendar year, the authority may prorate the remaining certificates to more than one eligible applicant. If the entire three million dollars of tax credit certificates for transfer is not issued in a given calendar year, the remaining amount may be carried over to a succeeding calendar year. Tax credit certificates issued under this chapter may be transferred to any person or entity. The economic development authority shall notify the department of revenue of the tax credit certificates which have been approved for transfer. Within ninety days of transfer, the transferee must submit the transferred tax credit certificate to the department of revenue along with a statement containing the transferee’s name, tax identification number, and address, and the denomination that each replacement tax credit certificate is to carry and any other information required by the department of revenue. Within thirty days of receiving the transferred tax credit certificate and the transferee’s statement, the department of revenue shall issue one or more replacement tax credit certificates to the transferee. Each replacement certificate must contain the information required to receive the original certificate and must have the same expiration date that appeared in the transferred tax credit certificate. Tax credit certificate amounts of less than the minimum amount established by rule of the economic development authority shall not be transferable. A tax credit shall not be claimed by a transferee under subsection

6, paragraph “a”, until a replacement tax credit certificate identifying the transferee as the proper holder has been issued.

*b.* The transferee may use the amount of the tax credit transferred against the taxes imposed under chapter 422, divisions II, III, and V, and chapter 432 for any tax year the original transferor could have claimed the tax credit. Any consideration received for the transfer of the tax credit shall not be included as income under chapter 422, divisions II, III, and V. Any consideration paid for the transfer of the tax credit shall not be deducted from income under chapter 422, divisions II, III, and V.

Sec. 9. Section 16.211, subsection 2, paragraphs a and b, Code 2014, are amended to read as follows:

*a.* To claim a disaster recovery housing project tax credit under this section, a taxpayer must ~~attach~~ include one or more tax credit certificates ~~to~~ with the taxpayer’s tax return. The tax credit certificate or certificates ~~attached to~~ included with the taxpayer’s tax return shall be issued in the taxpayer’s name, expire on or after the last day of the taxable year for which the taxpayer is claiming the tax credit, and show a tax credit amount equal to or greater than the tax credit claimed on the taxpayer’s tax return.

*b.* After verifying the eligibility of a taxpayer for a tax credit pursuant to this section, the authority shall issue a disaster recovery housing project tax credit certificate to be ~~attached to~~ included with the taxpayer’s tax return. The tax credit certificate shall contain the taxpayer’s name, address, tax identification number; the amount of the credit; and any other information required by the department of revenue.

Sec. 10. Section 175.37, subsection 7, unnumbered paragraph 1, Code 2014, is amended to read as follows:

A taxpayer shall not claim a tax credit under this section unless a tax credit certificate issued by the authority is ~~attached to~~ included with the taxpayer’s tax return for the tax year for which the tax credit is claimed. The authority must review and approve an application for a tax credit as provided by rules adopted by the authority. The application must include a copy of the agricultural assets transfer agreement. The authority may approve an application and issue a tax credit certificate to a taxpayer who has previously been allowed a tax credit under this section. The authority may require that the parties to an agricultural assets transfer agreement provide additional information as determined relevant by the authority. The authority shall review an application for a tax credit which includes the renewal of an agricultural assets transfer agreement to determine that the parties to the renewed agreement meet the same qualifications as required for an original application. The authority shall not approve an application or issue a tax credit certificate to a taxpayer for an amount in excess of fifty thousand dollars. In addition, the authority shall not approve an application or issue a certificate to a taxpayer if any of the following applies:

Sec. 11. Section 175.38, subsection 10, unnumbered paragraph 1, Code 2014, is amended to read as follows:

A taxpayer shall not claim a custom farming contract tax credit unless a tax credit certificate issued by the authority under this section is ~~attached to~~ included with the taxpayer’s tax return for the tax year for which the tax credit is claimed. The authority must review and approve an application for a tax credit certificate as provided by rules adopted by the authority. The application must include a copy of the custom farming contract. The authority may approve an application and issue a tax credit certificate to a taxpayer who has previously been allowed a tax credit under this section. The authority may require that the parties to the contract provide additional information as determined relevant by the authority. The authority shall review an application for a tax credit certificate which includes the renewal of a contract to determine that the parties to the renewed contract meet the same qualifications as required for an original application. The authority shall not approve an application or issue a tax credit certificate to a taxpayer for an amount in excess of fifty thousand dollars. In addition, the authority shall not approve an application or issue a tax credit certificate to a taxpayer if any of the following applies:

Sec. 12. Section 404A.1, subsection 1, paragraph a, Code 2014, is amended to read as follows:

a. A historic preservation and cultural and entertainment district tax credit, subject to the availability of the credit, is granted against the ~~tax~~ taxes imposed under chapter 422, ~~division~~ divisions II, III, ~~or~~ and V, ~~or~~ and chapter 432, for the substantial rehabilitation of eligible property located in this state as provided in this chapter.

Sec. 13. Section 404A.4, subsection 2, unnumbered paragraph 1, Code 2014, is amended to read as follows:

After verifying the eligibility for the tax credit, the state historic preservation office shall issue a historic preservation and cultural and entertainment district tax credit certificate to be ~~attached to~~ included with the person's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of project completion, the amount of credit, other information required by the department of revenue, and a place for the name and tax identification number of a transferee and the amount of the tax credit being transferred. Of the amount of tax credits that may be approved in a fiscal year pursuant to subsection 4, paragraph "a":

Sec. 14. Section 422.11S, subsection 7, paragraph a, Code 2014, is amended to read as follows:

a. In order for the taxpayer to claim the school tuition organization tax credit under subsection 1, a tax credit certificate issued by the school tuition organization to which the contribution was made shall be ~~attached to~~ included with the person's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the amount of the contribution, the amount of the credit, and other information required by the department.

Sec. 15. Section 437A.17B, Code 2014, is amended to read as follows:

**437A.17B Reimbursement for renewable energy.**

A person in possession of a wind energy tax credit certificate issued pursuant to chapter 476B or a renewable energy tax credit certificate issued pursuant to chapter 476C may apply to the director for a reimbursement of the amount of taxes imposed and paid by the person pursuant to this chapter in an amount not more than the person received in wind energy tax credit certificates pursuant to chapter 476B or renewable energy tax credit certificates pursuant to chapter 476C. To obtain the reimbursement, the person shall ~~attach to~~ include with the return required under section 437A.8 the wind energy tax credit certificates issued to the person pursuant to chapter 476B, or the renewable energy tax credit certificates issued to the person pursuant to chapter 476C, and provide any other information the director may require. The director shall direct a warrant to be issued to the person for an amount equal to the tax imposed and paid by the person pursuant to this chapter but for not more than the amount of the wind energy tax credit certificates or renewable energy tax credit certificates ~~attached to~~ included with the return.

Sec. 16. Section 476B.6, subsection 8, Code 2014, is amended to read as follows:

8. A tax credit certificate shall not be used or ~~attached to~~ included with a return filed for a taxable year beginning prior to July 1, 2006.

Sec. 17. Section 476B.8, Code 2014, is amended to read as follows:

**476B.8 Use of tax credit certificates.**

To claim a wind energy production tax credit under this chapter, a taxpayer must ~~attach~~ include one or more tax credit certificates ~~to~~ with the taxpayer's tax return, or if used against taxes imposed under chapter 423, the taxpayer shall comply with section 423.4, subsection 4, or if used against taxes imposed under chapter 437A, the taxpayer shall comply with section 437A.17B. A tax credit certificate shall not be used or ~~attached to~~ included with a return filed for a taxable year beginning prior to July 1, 2006. The tax credit certificate or certificates ~~attached to~~ included with the taxpayer's tax return shall be issued in the taxpayer's name, expire on or after the last day of the taxable year for which the taxpayer is claiming the tax credit, and show a tax credit amount equal to or greater than the tax credit claimed on the

taxpayer's tax return. Any tax credit in excess of the taxpayer's tax liability for the taxable year may be credited to the taxpayer's tax liability for the following seven taxable years or until depleted, whichever is the earlier. If the tax credit is applied against the taxes imposed under chapter 423 or 437A, any credit in excess of the taxpayer's tax liability is carried over and can be filed with the refund claim for the following seven tax years or until depleted, whichever is earlier. However, the certificate shall not be used to reduce tax liability for a tax period ending after the expiration date of the certificate.

Sec. 18. Section 476C.6, subsection 2, Code 2014, is amended to read as follows:

2. To claim a renewable energy tax credit under this chapter, a taxpayer must ~~attach~~ include one or more tax credit certificates ~~to~~ with the taxpayer's tax return, or if used against taxes imposed under chapter 423, the taxpayer shall comply with section 423.4, subsection 4, or if used against taxes imposed under chapter 437A, the taxpayer shall comply with section 437A.17B. A tax credit certificate shall not be used or ~~attached to~~ included with a return filed for a taxable year beginning prior to July 1, 2006. The tax credit certificate or certificates ~~attached to~~ included with the taxpayer's tax return shall be issued in the taxpayer's name, expire on or after the last day of the taxable year for which the taxpayer is claiming the tax credit, and show a tax credit amount equal to or greater than the tax credit claimed on the taxpayer's tax return. Any tax credit in excess of the taxpayer's tax liability for the taxable year may be credited to the taxpayer's tax liability for the following seven tax years or until the credit is depleted, whichever is earlier. If the tax credit is applied against the taxes imposed under chapter 423 or 437A, any credit in excess of the taxpayer's tax liability is carried over and can be filed with the refund claim for the following seven tax years or until depleted, whichever is earlier. However, the certificate shall not be used to reduce tax liability for a tax period ending after the expiration date of the certificate.

### DIVISION III INCOME TAXES

Sec. 19. Section 422.7, subsection 2, paragraph i, Code 2014, is amended by striking the paragraph.

Sec. 20. Section 422.13, Code 2014, is amended to read as follows:

#### **422.13 Return by individual.**

1. ~~Except as provided in subsection 2, a~~ A resident or nonresident of this state shall make a return, signed in accordance with forms and rules prescribed by the director, if any of the following are applicable:

~~a. The individual has net income of more than nine thousand dollars for the tax year from sources taxable under this division.~~

~~b. a.~~ The individual is claimed as a dependent on another person's return and has net income of five thousand dollars or more for the tax year from sources taxable under this division.

~~e. b. However, if that part of the~~ The net income of a nonresident which is allocated to Iowa pursuant to section 422.8, subsection 2, is ~~less than one thousand dollars~~ the nonresident is not required to make and sign a return except when the or more for the tax year from sources taxable under this division, unless the nonresident's total net income, as determined under section 422.5, subsection 3 or 3B, does not exceed the appropriate dollar amount listed in section 422.5, subsection 3 or 3B, upon which tax is not imposed. The portion of a lump sum distribution that is allocable to Iowa is included in net income for purposes of determining if the nonresident's net income allocable to Iowa is one thousand dollars or more.

~~c. A~~ A nonresident is subject to the state alternative minimum tax imposed pursuant to section 422.5, subsection 2.

~~2. d. Notwithstanding any other provision in this section,~~ The total net income, as determined under section 422.5, subsection 3 or 3B, of a resident or nonresident of this state is not required to make and file a return if the person's net income is equal to or less more than the appropriate dollar amount listed in section 422.5, subsection 3 or 3B, upon which tax is not imposed. A nonresident of this state is not required to make and file a return if the person's total net income in section 422.5, subsection 1, paragraph "j", is equal to or

~~less than the appropriate dollar amount provided in section 422.5, subsection 3, upon which tax is not imposed. For purposes of this subsection, the amount of a lump sum distribution subject to separate federal tax shall be included in net income for purposes of determining if a resident is required to file a return and the portion of the lump sum distribution that is allocable to Iowa is included in total net income for purposes of determining if a nonresident is required to make and file a return.~~

~~3. 2.~~ For purposes of determining the requirement for filing a return under subsection 1, the combined net income of a husband and wife from sources taxable under this division shall be considered.

~~4. 3.~~ If the taxpayer is unable to make the return, the return shall be made by a duly authorized agent or by a guardian or other person charged with the care of the person or property of the taxpayer.

~~5. 4.~~ A nonresident taxpayer shall file a copy of the taxpayer's federal income tax return for the current tax year with the return required by this section.

~~6. 5. a.~~ Notwithstanding subsections 1 through ~~5 4~~ and sections 422.15 and 422.36, a partnership, a limited liability company whose members are taxed on the company's income under provisions of the Internal Revenue Code, trust, or corporation whose stockholders are taxed on the corporation's income under the provisions of the Internal Revenue Code may, not later than the due date for filing its return for the taxable year, including any extension thereof, elect to file a composite return for the nonresident partners, members, beneficiaries, or shareholders. Nonresident trusts or estates which are partners, members, beneficiaries, or shareholders in partnerships, limited liability companies, trusts, or S corporations may also be included on a composite return. The director may require that a composite return be filed under the conditions deemed appropriate by the director. A partnership, limited liability company, trust, or corporation filing a composite return is liable for tax required to be shown due on the return.

~~b.~~ Notwithstanding subsections 1 through ~~5 4~~ and sections 422.15 and 422.36, if the director determines that it is necessary for the efficient administration of this chapter, the director may require that a composite return be filed for nonresidents other than nonresident partners, members, beneficiaries or shareholders in partnerships, limited liability companies, trusts, or S corporations.

~~c.~~ All powers of the director and requirements of the director apply to returns filed under this subsection including but not limited to the provisions of this division and division VI of this chapter.

Sec. 21. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2014, for tax years beginning on or after that date.

#### DIVISION IV SALES AND USE TAXES

Sec. 22. Section 423.3, subsection 18, paragraph e, Code 2014, is amended to read as follows:

~~e. Community health Health centers as defined in 42 U.S.C. § 254c and migrant health centers as defined in 42 U.S.C. §254b.~~

#### DIVISION V HOTEL AND MOTEL TAXES

Sec. 23. Section 423A.6, Code 2014, is amended to read as follows:

##### **423A.6 Administration by director.**

1. The director of revenue shall administer the state and local hotel and motel tax as nearly as possible in conjunction with the administration of the state sales tax law, except that portion of the law which implements the streamlined sales and use tax agreement. The director shall provide appropriate forms, or provide on the regular state tax forms, for reporting state and local hotel and motel tax liability. All moneys received or refunded one hundred eighty days after the date on which a city or county terminates its local hotel and

motel tax and all moneys received from the state hotel and motel tax shall be deposited in or withdrawn from the general fund of the state. ~~Beginning~~

2. If a reinvestment district is established under chapter 15J, ~~beginning~~ the first day of the calendar quarter beginning on the reinvestment district's commencement date, the director of revenue shall, subject to remittance limitations established by the economic development authority board pursuant to section 15J.4, subsection 3, transfer from the general fund of the state to a district account created in the state reinvestment district fund for each reinvestment district established under chapter 15J, the new state hotel and motel tax revenue, determined in section 15J.5, subsection 2, paragraph "b", in the district. Such transfers shall cease pursuant to section 15J.8.

~~2.~~ 3. The director, in consultation with local officials, shall collect and account for a local hotel and motel tax and shall credit all revenues to the local transient guest tax fund created in section 423A.7. Local authorities shall not require any tax permit not required by the director of revenue.

~~3.~~ 4. Section 422.25, subsection 4, sections 422.30, 422.67, and 422.68, section 422.69, subsection 1, sections 422.70, 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 through 423.42, and 423.47, consistent with the provisions of this chapter, apply with respect to the taxes authorized under this chapter, in the same manner and with the same effect as if the state and local hotel and motel taxes were retail sales taxes within the meaning of those statutes. Notwithstanding this subsection, the director shall provide for quarterly filing of returns and for other than quarterly filing of returns both as prescribed in section 423.31. The director may require all persons who are engaged in the business of deriving any sales price subject to tax under this chapter to register with the department. All taxes collected under this chapter by a retailer or any individual are deemed to be held in trust for the state of Iowa and the local jurisdictions imposing the taxes.

#### DIVISION VI EQUIPMENT TAXES

Sec. 24. Section 423D.3, Code 2014, is amended to read as follows:

**423D.3 Exemption.**

The sales price on the lease or rental of equipment to contractors for direct and primary use in construction is exempt from the tax imposed by this chapter. ~~The sales price from transactions exempt from state sales tax under section 423.3 is also exempt from the tax imposed by this chapter.~~

Sec. 25. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 26. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to July 1, 2008, for all sales or uses of equipment on or after that date.

#### DIVISION VII FRANCHISE TAXES

Sec. 27. Section 422.60, Code 2014, is amended by adding the following new subsection:  
NEW SUBSECTION. 12. a. The taxes imposed under this division shall be reduced by a solar energy system tax credit equal to fifty percent of the federal energy credit related to solar energy systems provided in section 48 of the Internal Revenue Code, not to exceed fifteen thousand dollars.<sup>1</sup>

b. The taxpayer may claim the credit pursuant to this subsection according to the same requirements, conditions, and limitations as provided pursuant to section 422.11L.

Sec. 28. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

<sup>1</sup> See chapter 1141, §78 – 80 herein

Sec. 29. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2014, for tax years beginning on or after that date.

Approved April 10, 2014